SUCCESSFUL EXPORTING BY THE SMALL BUSINESS FIRM: KEYS FOR STRATEGIC DECISION-MAKING

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This article focuses on a paradigm of ten keys for successful decision-making relative to export marketing by the small business firm. These ten keys for strategic decision making recommended for the small business firm desiring to be successful in export endeavors are: 1) Analyze Market Opportunity, 2) Assess Product Potential, 3) Establish Market Entry Mode, 4) Make a Sincere Commitment, 5) Allocate Necessary Resources, 6) Identify Technical Issues, 7) Develop Strategic Marketing Plan, 8) Organize Operational Team, 9) Implement Marketing Strategy, and 10) Evaluate and Control Operations. Tables of basic what, who, and how questions help to guide the reader through the decision-making process leading to successful export marketing operations. The article provides a decision-making paradigm that is useful to small business management personnel as well as export managers. This model has been developed by the authors based upon over thirty years of consulting work with exporting activities of small business firms and work with export assistance entities on both the state and federal levels of government.

Introduction

Many opportunities are emerging for profitable participation in foreign markets by small U.S. business firms today (Barrett, 1995); and never before in recorded history have small business firms been so involved in, and affected by, the international marketplace. As noted by Cateora and Graham (2002, p. 4), a global economic expansion, unprecedented in modern economic history, is occurring as the move toward efficiency, productivity, output, and open unregulated markets affecting virtually every corner of the world. Powerful economic, technological, social, industrial and political forces are converging to build the foundation of a new global economic order on which the structure of a one-world market system is being built. Whether or not a smaller-sized company wants to participate directly in international business, it cannot escape the effects of the ever-increasing number of U.S. firms involved in exporting, importing and manufacturing abroad. Today, it can be said that most business activities are global in scope.

But what about the small business firm that just wants to ease into this process of exporting outside of its domestic market, or desires to gradually expand its presence in the global marketplace? A secret for sharing in this evolving global market success is for an organization to be ready when a foreign market opportunity emerges. Taking hold of the opportunity is often made easier if it is approached from a one-step-at-a-time perspective. One step---a beginning, doing something about the opportunity, beginning to see accomplishment---will give assurance that the journey has begun and the achievement of objectives is possible. In foreign markets, success is a journey not a destination, and comes to those firms that have satisfied an identified foreign customer need. In its international marketing activities, the small business firm must select what is important, what is possible, and move from where it is with a strong market-oriented foundation.

The single most important cause for failure in the international marketplace is insufficient preparation and information (*The STAT-USA/Internet Companion to International Business*, 2001, p. 21). In taking the first step, or making an expanded step, into a foreign market, certain issues must be of concern to the export manager or small business executive desiring to expand his or her firm into export markets. These issues of concern must be addressed from a due diligence perspective to lessen the probability that the subject company, too, will become another failure statistic. Just as the runner who clears all the hurdles and successfully completes the race, the small business firm that successfully penetrates the foreign market must, of necessity, clear a certain set of known obstacles. Or, stated more precisely, the export business manager must address a set of basic determinants, the responses to which will virtually spell success or failure in the foreign marketplace. The primary purpose of this manuscript is to focus attention of managers on this new paradigm of key steps for success in strategic decision-making relative to export marketing by the small firm.

During the past thirty years, the authors have served as marketing consultants to a large number of small and medium-size business firms and have worked with export assistance entities on both state and federal levels. A major objective has been to assist these firms with their foreign market entry and penetration strategies. Advice has been provided to companies with well-known products and extensive foreign marketing operations. On the other hand, attention has also been given to assisting small and medium-size firms initially interested in capitalizing on opportunities they believe exist for them in various international markets. The essence of this array of experiences provides the background for this analysis and the major issues addressed therein.

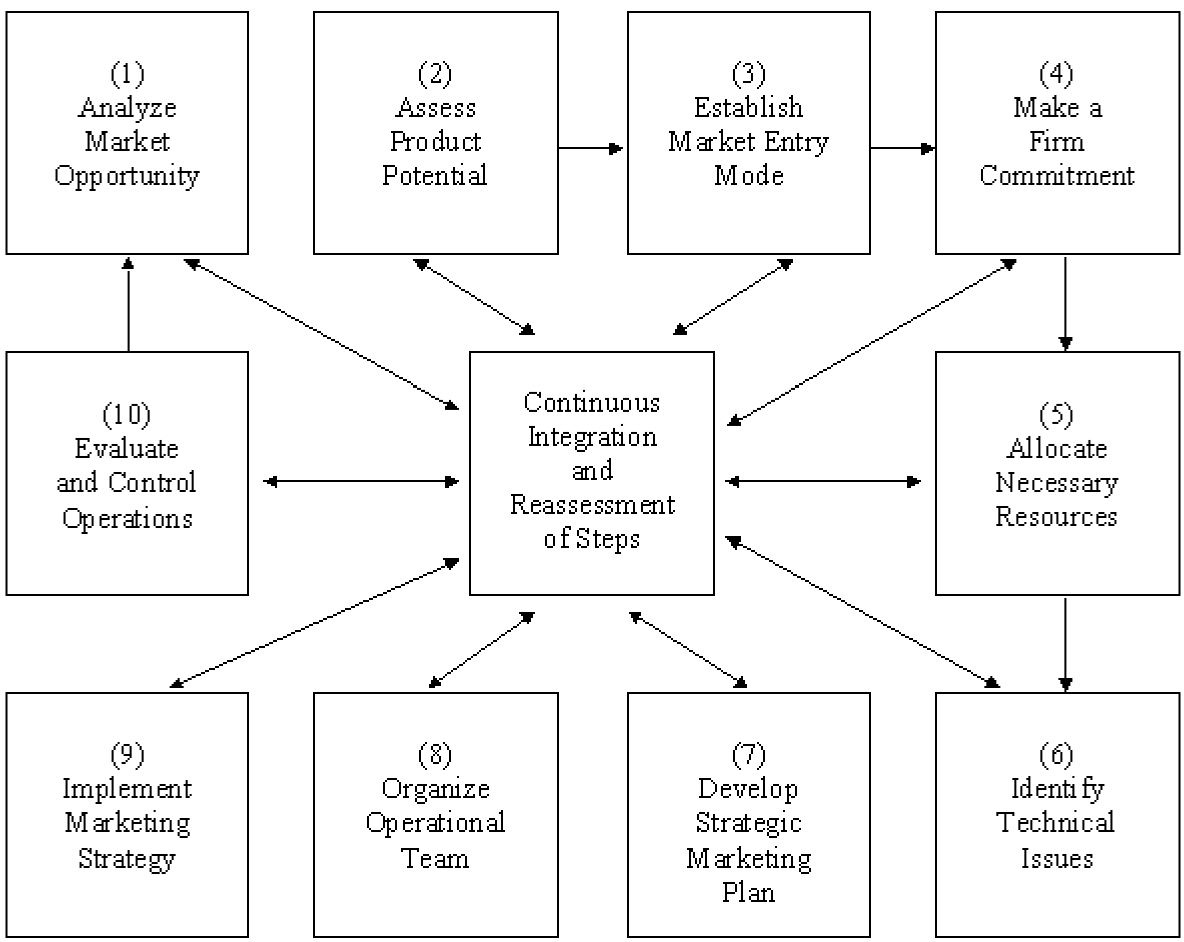
Key Steps for Success in Exporting

Working with both consumer and industrial product manufacturers, it has been found that those that are most successful in their foreign markets are careful to address ten key points or steps in the development and implementation of their marketing activities. These ten key steps for success in a foreign market, listed below, provide an orderly framework and paradigm that helps to guide the progress toward becoming a successful exporting firm

1. Analyze market opportunity
2. Assess product potential
3. Establish market entry mode
4. Make a sincere commitment
5. Allocate necessary resources
6. Identify technical issues
7. Develop strategic marketing plan
8. Organize operational team
9. Implement marketing strategy
10. Evaluate and control operations

As noted in Figure 1, these ten keys for success can be viewed as distinct steps in the planning process for serving an export market. However, a more accurate perspective is gained by considering the ten points as interrelated issues that must be carefully reviewed and analyzed by the business executive anticipating a successful entry and penetration of a particular market (Barrett, 1995, p. 97). In reality, the planning process for success in a foreign market focuses on all of these ten key steps in an interactive paradigm. That process requires the export manager to continually reevaluate each of the steps as planning progresses through the model.

Figure 1. Planning Model of Steps for Success in Export Markets



An extensive analysis of each of these ten steps for success is beyond the scope of the present material. However, each will be briefly introduced. Additionally, Table 1 through Table 7 identify sets of questions related to the first seven steps for successful export marketing. These are offered to export managers with the goal of activating discussions within particular smaller business settings that enable a more thorough consideration of those and other points of major interest. There is one additional issue that should be kept in mind. Although doing business abroad is typically not the most difficult thing a small business firm will ever do, neither will it be the easiest. To assure success, opportunities will need to be seized and acted upon, attention will need to be given to details, flexibility will be a prerequisite, and each foreign market will need to be approached with due diligence. Too often, managers of small firms view the export marketing process as a means of achieving a relatively easy access to foreign markets that can be acted upon by the firm with minimal or little effort. That is a sure perspective through which the firm will experience failure or, at best, a minimal level of success in the prospective market. Success in export markets requires discipline and strategic planning; both constitute the price that must be paid for a successful market entry---domestic or foreign.

Analyze Market Opportunity

For small business firms that decide to pursue export market activities, the first major step is to identify suitable markets. Many firms use government agencies, and other business-related organizations, for foreign market and export information---such as foreign trade associations and chambers of commerce. The U.S. Small Business Administration and many other federal and state agencies are valuable resources in this regard. The government in the foreign market may also provide valuable trade information. The U.S. Department of Commerce, for example, has a trade database available, and this database has research reports on 117 industries in 228 countries (Barrett, 1995, p. 98). In addition, *STAT-USA/Internet*, *USA Trade Online* and *Euro Trade Online* are all vast and complex. These user-friendly, database products that are published by STAT-USA, a unit of the Economics and Statistics Administration, which is a division of the U.S. Department of Commerce, are available free or at nominal cost.

In analyzing market opportunity the general foreign business environment must first be assessed; followed then by an assessment of the competitive environment in the target foreign country. In assessing the general foreign business environment, the macro elements of a market will typically lend themselves to a very precise analysis from the perspective of a particular firm. Macro elements typically include such items as: 1) population; 2) culture; 3) disposable income; 4) climate; 5) trade statistics; 6) political structure and stability; 7) laws affecting production and trade; 8) economic climate; 9) production and consumption technology; 10) logistics and communication technology; and 11) relative level of government control of the marketplace; all of which serve to reflect the general opportunity for a small business firm.

However, one major point of caution is in order here. Many exporters make the mistake of viewing a particular foreign market as a relatively homogeneous economic, social and geographic entity. That perspective may not be accurate. For example, Hamburg, the wealthiest area in Europe, has GDP per capita about 80% higher than the EU average. This obviously has implications for purchasing power and spending patterns, as well as opportunities for a broader spectrum of domestic and foreign products related to higher disposable personal income levels and commensurate demand patterns. Country or region variability is also found in attitudes toward post-sale service to customers. For example, in Latin America, companies that provide excellent service to customers have an advantage in those geographic areas where consumers expect to own the product for somewhat longer periods of time than other regions. Consumers who intend to, or by economic constraints have to, keep their products for extended periods of time are looking for companies that offer durable products having an extended life, and offer excellent customer service so that the product, having expired its life, can be repaired and its life extended for a number of additional years (Czinkota and Ronkainen, 2001, p. 710).

In most cases, each foreign market is made up of a broad spectrum of sub-geographical markets, with somewhat unique social, political and economic dimensions. Seemingly homogeneous markets may therefore have somewhat surprising differences that can lead to differential export marketing strategies. For example, the world's leading manufacturer of compasses found that for historical reasons the key distribution channel for compasses in German-speaking Central Europe (primarily Austria, Southern Germany, and Switzerland) were optical stores, not sporting goods stores as in most of the other regions of Europe.

Given a relatively positive general environment, the issues as noted in Table 1 focus primarily on a thorough consideration of the competitive analysis. Table 1 identifies an array of several questions that should be considered by the small business executive in analyzing a foreign market. This competitive interface may also be affected by attitudes in the prospective foreign market toward the country from which the product is being exported (Darling and Puetz, 2002, pp.170-172). A careful analysis of the present competitive situation will provide a great deal of support to the development of a successful marketing strategy by the small business executive (Cateora and Ghauri, 2000, p. 247). Additionally, attitudes toward competitive products being exported to the target foreign country by other foreign suppliers need to be assessed as part of the foreign market and may, surprisingly, work to give the U.S. firm a competitive advantage. Searching out answers to the questions noted in Table 1 will assist with this analysis. It has been said that information is power in the marketplace. There is no better set of information with which the executive can be supplied than that regarding the competitive situation and its corresponding opportunities. Competitive audits are therefore extremely important (Terpstra and Sarathy, 2000, p. 330).

Table 1
Analyze Market Opportunity

1. What are the present and future domestic and foreign market situations and trends for the industry?
2. What are the geographic, economic and social foreign market segments are of major importance?
3. Are there any major domestic or foreign government restrictions or regulations regarding the firm's product(s)?
4. What are the projected market sales and profit potentials?
5. What competitive products are sold in the foreign market, and what are the names of the firms that produce those products?
6. What are the market shares of major competitive products?
7. How do competitive products compare with the firm's in foreign market reputation, product features, and other attributes?
8. What types of distribution intermediaries are used by competitors, and what are the major price accumulations and margins typically used by competitors.
9. How do prices of competitive products compare with the price(s) of the firm's product(s)
10. What types of advertising and promotion are used by competitors, and how successful are they?

Assess Product Potential

The objective of this third analytical step is to identify the unique differential advantage of a firm's product in light of the opportunity in the foreign market (Kotler, 2003, p. 315). A differential advantage or "points of difference" can be identified by analyzing the strengths and weaknesses of the firm's product in comparison to domestic and foreign competitive products available to present or potential customers. The various questions that should be considered by the export business executive in assessing a firm's product potential in the foreign market are presented in Table 2. For this key step to success in export marketing, the firm is making a decided effort to analyze the foreign market typically from a position of strength in its domestic market. In this analysis, the export manager must therefore focus on just what the firm's product does and what needs it will satisfy in the foreign market in comparison to its domestic market. If the firm is performing well domestically, expansion into foreign markets almost always improves profitability. Yet, the U.S. Department of Commerce recently found that only 3 of 25 businesses export, although all businesses are capable of exporting (*The STAT-USA/Internet Companion to International Business, 2001, p. 55*).

The answers to these questions are undoubtedly known as they relate to the small business firm's domestic market, but may differ with regard to the prospective foreign market, and most assuredly will differ between various foreign markets. By considering the questions noted in Table 2 for the export market in question, the executive can help avoid the problems that come from making assumptions about a product based on its existing domestic market popularity. The firm's product may be widely accepted domestically, but that is no guarantee that it will be successful in a foreign market. For one thing, there may be no perceived need for the product; for another, there may be a need for product modifications that the firm should address. For example, H. J. Heinz has marketed its low calorie frozen dinners as healthy foods in Europe, particularly in England due to the dislike of the British for diet foods. However, the same products have been sold in the U.S., where dieting is quite acceptable, as low-calorie diet frozen dinners (Lublin, 1990, p. 1).

A firm's product may need only minor modifications for the foreign market, such as the replacement of a 110-volt electric motor with a 220-volt motor, or a redrawing of specifications to meet the metric standards versus English (American) standards (Terpstra and Sarathy, 2000, pp. 298-299). However, the time to assess such requirements is at the beginning, before the firm becomes too deeply involved in, and perhaps prematurely committed to, the foreign market. For some export markets, the costs associated with necessary product adaptation may require unacceptable costs of adjustment or further product development, and therefore make the export opportunity an unwise investment.

Occasionally, the product potential may come as a pleasant surprise. A smaller-sized furniture manufacturer learned by chance that there was a unique market niche among German consumers who were so ecology-conscious that they demanded premium-quality beds made from solid wood, without any metal parts such as screws or nails. This very narrow niche in the German market of more than 80 million consumers, considered the most "green" or "ecology-minded" in the world, has proven very successful for the company. Today, exports to this German niche market amount to about half of the sales of the company. In the firm's present domestic market, such a narrow niche is hardly visible.

Table 2
Assess Product Potential

1. What product(s) from the firm's product line is (are) best suited for the foreign market? For visibility purposes, should the firm enter the market with only one product or an entire product line?
2. Is the firm's product competitive with similar products sold in the domestic market?
3. How new is the firm's product to the foreign market, and what types of competition are likely to be encountered from other products?
4. What are the competitive strengths and weaknesses of the firm's product in the domestic market and in the foreign market?
5. What needs does the product serve in the domestic market, and how do these same needs differ in the foreign market?
6. Will higher production volumes or larger manufacturing runs have positive effects on unit costs?
7. What are the effects of price fluctuations and availability of raw material needs, and the implications of these for the foreign market?
8. Does the product have the same use conditions in the foreign market as domestically?
9. Does the product have to be adapted to the foreign market in any of its physical, package and service attributes? Are there any concerns related to company/product image adaptation?
10. Is the quality of the product(s) manufactured for the domestic market appropriate for the foreign market?

It is sometimes hard for companies to accept the fact that consumers, even in neighboring countries, demand quite different products, and thus requires product adaptation by the company. For example, in the home appliances markets of Europe, preferences concerning stoves and ovens vary a great deal from one country to another. In one European country, consumers want the knobs on the top, in others on the front panel; in one country the color must be white, in the neighboring country it can be virtually any basic color; in one country the double-oven is a must, in another the single oven is the standard; in one country the built-in appliances are dominant, in the neighboring country free-standing models are more popular.

Establish Market Entry Mode

Major questions that should be addressed by the small business firm regarding the mode of entry into a foreign market are noted in Table 3. A careful analysis of these questions will enable the export business manager to make a more thorough determination of the entry mode that will be most suitable for the firm (Cateora and Graham, 2002, pp. 331-339). There are, of course, numerous entry-mode possibilities. The secret is to select that alternative that is most appropriate for the firm within a particular foreign market setting.

From a management and operational perspective, the small business exporter can plan an entry into a foreign market in one of three basic ways: export entry mode, contractual entry mode and investment entry mode (Root, 1982, pp. 6-7). Each entry mode offers different benefits and costs to the firm.

First, the firm can export its products to the market from a domestic production base or another geographical region. Export entry modes may be direct or indirect. The direct method involves choosing an agent or distributor, or establishing a branch or subsidiary to represent the firm in the marketplace. The indirect method consists of making an arrangement whereby the firm delegates varying degrees of foreign sales/or distribution responsibility to a third party. This third party may be an independent buyer for export to the foreign market, or an export management company (Cateora and Graham, 2002, p. 331).

Second, contractual entry modes involve different alternatives including licensing, franchising, technical agreements, construction or turnkey contracts, contract manufacturing, and co-production agreements. Likewise, each of these contractual entry modes has different advantages and disadvantages and legal perspectives.

Third, it can transfer its resources in technology, capital, human resource skills and enterprise to the foreign market where they may be sold directly to users or combined with local resources to manufacture products for sale in the foreign market and perhaps other national markets. This entry mode strategy is often referred to as investment entry mode or direct investment. Investment entry modes include the acquisition of an existing business or the establishment of a new solely owned venture, or the acquisition or establishment of a joint venture in the foreign market. of a new solely owned venture, or the acquisition or establishment of a joint venture in the foreign market.

Table 3
Establish Market Entry Mode

1. What alternative entry modes are available for the product in the foreign market?
2. What alternative entry modes are used by importers of major competitive products?
3. What special trade agreements and/or preferential treatments exist for competitors?
4. Are there any major potential reputable partners available in the target foreign market?
5. How much control does the firm wish to maintain over the marketing of the product in the foreign market?
6. What types of pre- and post-sale services will the intermediary need to provide with the product?
7. What are the major problems that relate to distance and communication with the foreign market?
8. What logistical elements are important for the foreign market?
9. What are the legal issues that must be considered in dealing with the intermediary?
10. What are the various issues that need to be included in the working agreement with the intermediary?

Each of these entry modes has its advantages and disadvantages; each will also provide the manufacturer with different degrees of control and different cost factors; each will also provide various means whereby customer needs in the marketplace can be successfully met. The only way the export manager can decide which entry method is right is to evaluate each alternative carefully. The questions noted in Table 3 focus primarily on issues that should be considered in analyzing the three alternative export entry modes noted above, the forms of entry most often used by small business firms considering initial entry into the foreign market.

Unfortunately, the availability of capital may limit the alternatives available to the prospective exporter, sometimes to the detriment of the firm's prospects. Educational Tools, a relatively small firm that produces an innovative drafting compass, realized that a large potential market existed in Japan. Lacking even the resources to expand its domestic production, it licensed the product to Japanese producers. Not only did this provide little revenue, but Japanese competitors copied the product and the firm lacked the knowledge and resources to take appropriate action to protect its interests (Hackett and Kraft, 1980, pp. 469-470). This is not an unusual condition for firms wishing to export products to Asian and Latin American markets.

Make a Sincere Commitment

Many small business firms presently occupy positions in a foreign market because the managements of these organizations made a sincere commitment to this objective. In doing so, the firms were careful to address the issues noted in Table 4, and thereby establish their commitment to an entry and penetration of the foreign market. In many respects, these firms had no other choice but to look to foreign markets in order to enhance their growth and development, and business organizations. Lacking an acceptable growth opportunity in the domestic U.S. market, in some cases they had to learn how to export in order to gain certain economies of production and technological scale. Perhaps an important point worth noting here is that it is not the size of the local domestic market that often sets the stage for successful exporting, nor is it the size and complexity of the firm, it is the level of commitment that is made by top management (Walvoord, 1981, pp. 13-14). This commitment may also be more emotional than rational. For example, the general manager may like sailing as a hobby, thus prompting an export business venture into one of the Mediterranean countries.

Top management must view the foreign market as an important opportunity that warrants continued effort and careful management, not as an overflow or "safety value" market which merely absorbs excess production not needed for existing local markets. Firms utilizing this "safety valve" approach to export markets are usually unable to build the necessary relationships with foreign marketing channel members and customers. This is true even for major corporations such as General Motors. Analysts have attributed GM's failure to penetrate the Japanese market as much to its failure to commit resources to building support distribution and service relationships in that country as to Japanese trade restrictions (Updike, 1995, p. 43). Every business activity requires an initial commitment. A commitment is made each time a company decides to put its product in a new market, or open a new branch office or warehouse facility. In making such commitments, the management and other personnel of the company signify a willingness to work hard and to accept reasonable risk in return for the expectation of increased sales and profits. Doing business in a foreign market is no different; but it is often more challenging and more difficult primarily due to the variations in environmental influences (Brown, 1990, pp. 11-12).

Of course, this commitment must be carefully weighed in the light of other present or potential alternatives for growth of the firm, and the financial and other resources that are available for such. Many of the questions noted in Table 4 are interrelated with issues identified in other tables of this material. In taking the

Table 4
Make a Firm Commitment

1. What are the reasons for the interest in the foreign market? Are these reasons based on a logical analysis of the market opportunity or on an emotional consideration?
2. What are the company's major strengths and weaknesses with regard to the foreign market?
3. Is the company able to maintain continuing support of a foreign market entry and penetration?
4. What will be the relative importance of the foreign market in comparison to other markets?
5. How will the company measure success in the foreign market at various critical operational and time points?
6. Is the company basing its commitment on unsolicited orders or a precise market analysis and consideration?
7. Has the senior management team developed a formal operational policy for doing business in the foreign market?
8. What will be the initial financial expectations for the foreign market?
9. Has the company guarded against isolation of the foreign market personnel within the organization?
10. What management information systems have been established for the foreign operations?

time and effort to analyze carefully its commitment to the export market, and to make that commitment that will assure a reasonable chance at success in the market, management reflects a systematic approach to the future growth and development of the firm. Making a sincere commitment focuses on a SWOT analysis of a company's strengths and weaknesses, along with market opportunities and threats, developing formal policies to guide export operations, and carefully considering the resource needs.

Allocate Necessary Resources

The objective of this step for success in the foreign market is to identify those resources of the firm that can be committed to this marketing effort. The questions noted in Table 5 will help the small business executive analyze and consider the firm's resource strengths and weaknesses in light of expected operational performance requirements in the foreign market. For example, if the firm experiences regular production peaks and troughs each year, marketing products abroad might be just the activity needed to level out these fluctuations. On the other hand, if there is no present excess production capacity, and the new export market will require an investment in new production facilities, this realization will undoubtedly affect the perspective of the firm's opportunity in the new foreign market.

It is also important here to carefully analyze the initial capital requirements of entering or further penetrating a foreign market, and the payback timeframe that is needed (Cateora and Ghauri, 2000, pp. 444-445). Entrepreneurs must be acutely aware of the need to plan for a reasonable payback horizon (Kuratko and Hodgetts, 1995, pp. 223-224). Many successful small business firms take advantage of the resources available from sources external to the firm, such as the information services of domestic and foreign governments, and major domestic banks involved in the international arena. This analysis of available resources should include consideration as to how the firm can strategically take advantage of resources that are not a direct cost to the organization.

The analysis in this step to success is obviously broad in scope. It has everything to do with a thorough consideration of how resources can be allocated and deployed to optimize the growth and development of the firm's foreign market efforts. It is extremely important that management make a definite decision regarding the resources that are to be committed to the foreign market, the opportunity cost associated with the resources that are to be committed to this new venture, and the payback that is expected from the investment of these resources (Brown, 1990, pp. 12-13). A classic mistake that is so often made in looking at new export opportunities, is that associated with underestimating the resources that will be necessary for success.

Identify Technical Issues

English is generally now recognized as the primary international language of business. However, complete reliance on this generalization may place the small business firm at a distinct disadvantage in non-English speaking markets. Doing business in a foreign market may require a high degree of exactness, particularly when it comes to the use of a foreign language. The words and phrases used usually have precise legal meanings. If they are used correctly, the business executive will be protected; if used incorrectly, possibilities exist for confusion and inefficiency. Table 6 reflects some, but certainly not all, of the business in developing a foreign market strategy (Czinkota and Ronkainen, 2001, pp. 312-314). Unlike previous tables presented in this material, Table 6 also identifies principal documents used in exporting to a foreign market, basic methods of receiving payment for products shipped to the market, and legal procedures and requirements for exporting abroad, rather than major questions for consideration as in previous tables.

The purpose here is not to make an attorney of the small business executive, although the securing of

Table 5
Allocate Necessary Resources

1. Has precise management responsibility been assigned for the foreign market?
2. How much top management time and resources should be allocated and can be allocated to the foreign market?
3. What are management's expectations for the resources expended? Are these resources available internally or must they be acquired externally?
4. What organizational structure is needed to adequately develop and serve the foreign market?
5. Can the company continue to service the domestic market and other existing markets adequately?
6. What amount of financial capital can be tied up in inventory for the foreign market?
7. What level of foreign market operating costs can be supported?
8. How are initial expenses for the foreign market to be allocated?
9. What priority does the foreign market development have in comparison to other opportunities?
10. How long can the company plan to wait before the foreign market effort must support its own fully-allocated costs?

appropriate legal advice is strongly advised as an important element of successful export marketing. This is so because words and phrases tend to have language specific meanings, thus the contractual meaning should be agreed upon in advance as part of the contract negotiation process. These words and phrases convey a meaningful history of precedence that is thereby applicable. This is just as it should be. The fact that the export executive may be using a foreign language in the negotiations makes agreed-upon meanings imperative (Terpstra and Sarathy, 2000, pp. 95-98).

Develop Strategic Marketing Plan

This is the key step in the planning for export success that brings all of the previous analyses and considerations together into a unified whole. Table 7 provides a suggested table of contents for a firm's strategic foreign marketing plan. In this important step for success, the small business export executive blends all of the factual information gathered in Steps 1 - 5, opinions, and the firm's international business expansion goals together and weaves each factor into one integrated workable, systematic plan of action (Kotler, 2003, pp. 90-91). This plan includes specific objectives, operational procedures, time schedules for implementation, and established points for evaluation and control activities for each of the marketing mix factors: product, terms of sale, distribution and promotion. Evaluation and control procedures are also part of the strategic marketing plan because they enable the firm to measure its progress and helps management to motivate operational personnel by communicating the measurable goals toward which to work. The means for measuring success are also an important part of motivation, and thus success.

By the time the small business export manager completes this strategic foreign marketing plan, many critical questions should have been answered such as: 1) Does the firm really want to enter the foreign market---and why? 2) What target market segments will be of major importance and what marketing strategies will the firm use to exploit these target markets? 3) How do competitive firms successfully market their products to the foreign target market? 4) Who is the primary competition, and how do those competitors successfully market their products in the foreign market in question? 5) What specific operational steps must the firm take to be successful? 6) When must these steps be taken? 7) What resources will the firm need to commit to each element in the marketing plan?

A good strategic marketing plan will answer these, as well as many other questions of major importance to the small business firm. While the value of a sound strategic plan is intuitively obvious, it has also been demonstrated empirically. A highly technical study has demonstrated statistically that thorough export plans, and organizational structures appropriate for executing those plans, are crucial factors in achieving success in exporting from home bases in various countries (Bijmolt and Zwart, 1994, pp. 69-70).

Table 7 suggests critical points that should be considered in developing the strategic foreign marketing plan, but the individual business firm should include whatever elements are of primary importance to its export marketing efforts. Developing and positioning the appropriate marketing mix–-product, terms of sale, distribution and promotion---is extremely important (Darling, 2001, pp. 209-210). The only way a particular small business manager can deal meaningfully with this planning process is to retrace the key steps noted earlier in this decision-making paradigm, perhaps revising and refining during the process. Table 7 is only a guide, based on the most typical factors involved in successful foreign marketing strategies of small business firms. Each individual company and its management needs to develop and adapt an outline that is uniquely its own. A central part of the strategic foreign marketing plan is the development of the firm's marketing program; in other words, that particular blend of the marketing mix factors that the company develops in light of the general

Table 6
Identify Technical Issues

1. Principal documents typically used in exporting
   (a) Required by customer:
      Pro forma invoice
      Acceptance of purchase order
      Ocean (airway) bill of lading
      Certificate of insurance
      Packing list
   (b) Required by seller:
      Purchase order
      Letter of credit or other form of payment
   (c) Required by freight forwarder:
      Shipper's letter of instructions
      Domestic (inland) bill of lading
      Packing list
      Commercial invoice
      Letter of credit
   (d) Required by domestic government:
      Export declaration
      Export license (for selected products)
   (e) Required by foreign government:
      Certificate of origin
      Customs invoice
      Consular invoice
   (f) Required by exporter's bank:
      Exporter's draft
      Commercial invoice
      Consular invoice
      Certificate of insurance
      Ocean (airway) bill of lading

2. Basic methods of receiving payment for products:
   (a) Cash in advance
   (b) Irrevocable letter of credit
   (c) Documentary collection draft
   (d) Open account
   (e) Extended terms

3. Legal procedures and requirements for exporting:
   (a) Clearance and duty notations on products:
      Clearance of goods
      Dutiable status
      Liability for duties
      Temporary free importation
      Importations by mail
      Containers or holders
   (b) Entry of products permission:
      Evidence of right to make entry
      Entry by importer
      Entries made by others
   (c) Duty assessment procedures:
      Valuation and appraisal
      Classification - liquidation procedure
      Conversion of currency
   (d) Invoice requirements and procedures:
      Packing of goods - commingling
      Invoices for customs purposes
      Pro forma invoice
   (e) Marketing requirements for products:
      Country of origin
      Other special marking
   (f) Refund and allowance requirements:
      Refunds and drawback
      Excess goods and shortages
      Damage or deterioration
      Tare and draft
   (g) Special laws and regulations:
      Prohibited and restricted importations
      Import quotas
      General product labeling
      Product safety and liability, hazardous substances, and flammable fabrics
      Food, drugs, and cosmetics
      Trademarks, trade names, and copyrights
      Alcoholic beverages
      Civil and criminal fraud laws
   (h) Free-trade zones to be used

and industry specific environments and in light of given competitive offerings. In doing so, the firm's export manager finds that to deal meaningfully with the strategic foreign marketing planning process he or she will need to continuously integrate the ten keys or steps to export marketing success and continuously practice reassessment of the steps in the decision-making paradigm as illustrated in Figure 1.

Organize Operational Team

The organizational teamwork needed by the exporting firm tends to be much more complex in the foreign market arena than in the domestic marketplace, simply because there are typically more individuals, both inside and outside the firm, involved in placing the firm's products in the hands of customers (Johnson, et al, 1993, p. 4). Therefore, this is an important step to success and can be an exciting and challenging experience for management. In fact, approached in a sound manner, this step can also offer valuable insights into adjustments that should be made in a firm's domestic marketing organization as well.

The teamwork required for success in a foreign market tends to be complex for a number of reasons. First, the individuals involved include virtually the entire company from the production, finance and marketing staffs, to the shipping and traffic personnel. Doing business in a foreign market will typically require a number of distinct operational activities, and management must make sure that appropriate responsibility has been assigned. Second, are the organizations outside of the firm, such as the freight forwarding company that works with the firm's traffic personnel. Such companies handle the shipping, packing for export, and (if the shipper wishes) even a

Table 7
Develop Strategic Marketing Plan

1. Executive summary: Overview of plans for the foreign market.

2. Introduction: Why company should do business in the foreign market.

3. Part I: A statement of foreign market commitment.

4. Part II: The background/situation analysis.

(a) Overview of market opportunity	(e) Identified market entry mode
(b) Primary target market segments	(f) Operational strengths and weaknesses
(c) Analysis of competitive situation	(g) Resources of firm to be allocated
(d) Assessment of product potential	(h) Organizational structure for market

5. Part III: Strategic foreign marketing plan.

(a) Identified marketing goals	(f) Shipping and other transportation means
(b) Product analysis and selection	(g) Warehousing and other logistical means
(c) Warranties and other product services	(h) Market information system needed
(d) Pricing and other terms of sale	(i) Methods of advertising and promotion
(e) Distribution intermediaries to be used	

6. Part IV: Operational budget and pro forma financial statements.

7. Part V: Implementation schedule and timetable.

8. Part VI: Procedures for evaluation and control, including periodic operational/management audits.

great deal of the documentation required, as noted in Table 6.

Third, are support organizations for the operational team, such as the international banker whose expertise can aid the small business firm in its analysis of foreign market opportunities and other issues noted in this material, as well as in financial concerns including capital financing and collecting receivables from foreign customers. Since the firm's banker can play such an important role in this regard, care must be taken to select a bank with adequate foreign market capabilities and correspondent bank relationships. In addition, there are a number of other support resources available to the exporting firm, including federal and state government export development entities, trade consulates, embassies, trade associations, private management consultants, and export management companies that can assist the operational team.

Each of these export assistance resources has distinct benefits and can save the individual exporting firm both time and money. A major factor contributing to the complexity of the firm's operational team work, and third-party export assistance utilized in the firm's international effort is the many variations in organizational cultures and behavioral styles that must be considered in crossing multinational boundaries (Darling and Fischer, 1998, pp. 100-101).

Implement Marketing Strategy

At some point in the firm's planning process for international business expansion a decision must be made to venture out and implement the marketing strategy ---Step 9 in the planning model. There is usually a degree of discomfort at this point because the firm in question seldom has all of the information that management considers necessary (Brown, 1990, p. 12). However, by this point the firm has assessed the general and specific foreign market, analyzed the market opportunity, assessed its product potential, established on a market entry mode, made a sincere commitment, allocated the necessary resources, identified important technical issues, developed a strategic marketing plan, and organized its operational team. Now the foreign marketing team, armed with a strong commitment by top management, must implement the marketing plan to promote, sell and deliver the firm's product to the foreign target market. An important consideration here also includes a commitment not to isolate those members of the team assigned to invest large amounts of time in the foreign market. The firm must endure that team members assigned to international expansion efforts continue to feel a relationship with the domestic team and are kept informed of the parent firm's operations, employee promotion opportunities, and changes in company benefits, among other things.

If the decision-making paradigm, as illustrated through Steps 1-9 of the planning model, has been approached correctly, and each of the steps for success considered and analyzed carefully, the firm should be prepared and ready for a successful entry into, and penetration of, the foreign market. However, should problems occur---and they no doubt will--the firm, and its operational team, should have established, through sufficient preparation and information acquisition, the foundation and have the necessary resources to address implementation problems effectively and efficiently.

One of the evolving payoffs that will inevitably occur as the small business firm becomes actively involved in a foreign market is reflected in the marketing learning curve. Over time, the firm will learn more efficient procedures for analyzing markets, more effective techniques for dealing with marketing channel intermediaries, and better ways of organizing its marketing operations team. Such an evolving sophistication will assist the firm in achieving an optimum level of growth and development. A firm's competitors, both domestic and foreign, will no doubt also serve as drivers in any one firm's evolution toward efficiency and effectiveness in the foreign market if the firm continually looks for every advantage possible in order to obtain a better relative market position.

Evaluate and Control Operations

In many respects, this final key step, Step 10, is really a postscript to the preceding nine. However, it is such an important element for success that it deserves full attention in the overall process. The evaluation and control of operations means just that. No matter how thoroughly the firm has prepared, or how successful it has been in entering and penetrating a foreign market, a review will be needed to make sure that optimum results are being achieved (Cateora and Graham, 2002, pp. 532-533). The foreign market, like the local domestic market, is changing constantly, and the exporting small business firm must be prepared to change with it.

For example, management may find that by modifying the firm's product, the existing foreign market can be expanded; or that a new set of economic and social conditions permits the firm to introduce its product to a new target market segment. The only way the firm can take advantage of such changes is to remain in control of the marketing situation, and the only way that can be done is to evaluate and control on a regular basis. This final step never ends. The day that management of the small exporting firm decides to skip this regular review is the day it should start considering whether it really wants to stay in the foreign market in question.

Today, export marketing requires management to be focused on organizational excellence, and leadership and leadership values, strategies, and skills (Shelton, Darling, and Walker, 2002, pp. 50-53). Excellent and necessary leadership skills, which are epitomized as necessary "quantum skills," thereby occupy a very important position in the management of export marketing activities and in the evaluation and control of foreign market expansion processes. Quantum skills are seven in number. Quantum seeing is the ability to see intentionally; quantum thinking is the ability to think paradoxically; quantum feeling is the ability to feel vitally alive; quantum knowing is the ability to know intuitively; quantum acting is the ability to act responsibly; quantum trusting is the ability to trust life's process; and quantum being is the ability to be in relationship.

In reality, therefore, this final key step for success in an export market is more than only a postscript---it also represents a future step and completion of the full complement of success elements (see Figure 1). It is the basis for continued success in the foreign market. No matter how small or large the company is; no matter whether the competitive strength in the foreign market is small or great; no matter how great are the results that are being shown from the foreign market efforts, management must look back from the ongoing operations from time to time and carefully analyze what has been achieved and how it has been accomplished. In this review, the manager practices continual integration and reassessment of the model steps to success in export marketing. And, most certainly, to remain aware that in the export markets of the small business firm, the relatively unexpected should be considered as the expected. The ability to expect the unexpected will remain a very important trait for success in a firm's export marketing activities.

Conclusions

The experiences encountered by numerous small business firms in their export marketing efforts have indicated that there are certain established dimensional components that are found in their formulas for success. The primary purpose of this analysis has been to briefly focus attention on these key steps for success in a foreign market. As such, consideration has been given to the importance of analyzing the market opportunity, assessing product potential, establishing the market entry mode, making a sincere commitment, allocating the necessary resources, identifying technical issues, developing a strategic marketing plan, organizing the operational team, implementing the marketing strategy plan, and evaluating and controlling operations. These ten key steps have been presented in Figure 1 as an overall strategic planning model as well as an interactive paradigm of strategic decisions. Figure 1 appears to reflect a step-by-step process; but, in reality, it is very much of an interactive process. The manner in which a small business firm addresses these key steps and uses them for success, and thereby implements the planning process for its entry and penetration of a foreign market, will obviously be highly individualistic in nature. It is also important to keep in mind the interrelationship of the ten steps, and the need for continuous integration and reassessment and possible reconsideration of each of the steps. However, each of these steps in the planning paradigm does represent a distinct issue that the small business export manager should confront in order to achieve an optimum impact by the firm on a foreign market.

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